

United States Court of Appeals for the Federal Circuit

MOSAIC BRANDS, INC.,
Plaintiff/Counterclaim Defendant-Appellant

LE HOLDINGS LLC, JGL ENTERPRISES INC.,
Third-Party Defendants-Appellees

v.

RIDGE WALLET LLC,
Defendant/Third Party Plaintiff/Counterclaimant-Cross-Appellant

2022-1001, 2022-1002

Appeals from the United States District Court for the Central District of California in No. 2:20-cv-04556-AB-JC, Judge Andre Birotte, Jr.

Decided: December 20, 2022

STEPHEN M. LOBBIN, SML Avvocati PC, La Jolla, CA, argued for plaintiff/counterclaim defendant-appellant and third-party defendants-appellees.

BENJAMIN EDWARD WEED, K&L Gates LLP, Chicago, IL, argued for defendant/third party plaintiff/counterclaimant-cross-appellant. Also represented by GINA A.

JOHNSON; MICHAEL HARRIS, JONATHAN PEARCE, SoCal IP Law Group LLP, Westlake Village, CA.

Before NEWMAN, PROST, and STARK, *Circuit Judges*.

STARK, *Circuit Judge*.

This is an intellectual property case about wallets. Mosaic Brands, Inc. d/b/a Storus (“Mosaic”) and Ridge Wallet LLC (“Ridge”) make similar money-clip wallets. Each company accuses the other of patent infringement. Mosaic asserts that Ridge infringes its U.S. Patent No. 7,334,616 (“’616 patent”) as well as Mosaic’s trade dress. Ridge denies these allegations and further contends that Mosaic infringes its U.S. Patent No. 10,791,808 (“’808 patent”).

Following claim construction, the parties stipulated that Mosaic cannot prove infringement of its ’616 patent. The District Court then granted summary judgment of invalidity of Ridge’s ’808 patent, based on anticipation, and denied Mosaic’s motion for summary judgment that Ridge had obtained its ’808 patent through inequitable conduct. The District Court also granted summary judgment to Ridge on Mosaic’s trade dress claim, finding the trade dress invalid on multiple grounds. Mosaic and Ridge both appealed.

As explained below, we affirm the District Court’s claim construction and, accordingly, its dismissal of Mosaic’s claim that Ridge infringes the ’616 patent. However, because we find genuine disputes of material fact as to whether Mosaic’s Smart Money Clip II product is prior art to Ridge’s patent, we reverse the grant of summary judgment of invalidity of Ridge’s ’808 patent. We also vacate the District Court’s denial of summary judgment on Mosaic’s inequitable conduct defense. Finally, we affirm the District Court’s grant of summary judgment that Mosaic’s trade dress is invalid.

I

Mosaic manufactures a money-clip wallet called the Smart Money Clip II (“SMCII”). Ridge makes a wallet, named the Ridge Wallet,¹ that is nearly identical to the SMCII. When Mosaic learned of the Ridge Wallet, it sued Ridge for infringement of its ’616 patent and its trade dress. A few months later, the U.S. Patent and Trademark Office (“PTO”) issued the ’808 patent to Ridge, and Ridge promptly asserted a counterclaim against Mosaic for infringing the newly issued patent.² Mosaic then raised affirmative defenses of invalidity and unenforceability due to inequitable conduct; it did not, however, assert inequitable conduct as a counterclaim.³

¹ We refer to the company as “Ridge” and the product as the “Ridge Wallet.”

² Ridge also filed a third-party complaint against LE Holdings, LLC and JGL Enterprises, seeking a declaratory judgment of unenforceability of Mosaic’s ’616 patent and Mosaic’s alleged trade dress. Mosaic contends it has received an exclusive license to this intellectual property from LE Holdings and that JGL Enterprises is the owner of any trade dress in the SMCII. No issues concerning the accusations noted in this footnote are part of this appeal. In light of our disposition, it will be for the District Court to determine whether – and, if so, what – additional proceedings are needed with respect to these matters.

³ See generally *Agfa Corp. v. Creo Prods. Inc.*, 451 F.3d 1366, 1371 (Fed. Cir. 2006) (recognizing that inequitable conduct may be raised as either defense or counterclaim); see also *Cardinal Chem. Co. v. Morton Int’l, Inc.*, 508 U.S. 83, 93–94 (1993) (distinguishing between affirmative defenses and counterclaims in patent cases).

The District Court treated the first claims of Mosaic's '616 patent and Ridge's '808 patent as representative, and neither party argues this was error. Claim 1 of the '616 patent recites (with emphasis added):

[a] holder for securely and simultaneously retaining flexible articles and rigid cards, said holder comprising:

- a) a nominally rectangular and nominally flat planar first panel having interior and exterior surfaces, a *lip* extending nominally around three edges of said first panel along said interior surfaces, said lip being at right angles to the plane of said first panel;
- b) a nominally rectangular and nominally flat planar second panel having interior and exterior surfaces, a lip extending nominally around three edges of said second panel along said interior surface and configured to form a mirror image of said first panel, said second panel being adapted to be attached to said first panel along said three edges to form an open-ended enclosure of sufficient size to store said rigid cards within said interior of said enclosure, said enclosure being nominally rectangular with two longitudinal sides, an open end, and a closed end;
- c) a resilient article retaining member having an attached end and a free end extending from one end of said enclosure and over the exterior of said first panel, said free end of said article retaining member being biased toward said exterior surface of said first panel;

wherein said first panel and said second panel each has lips of *varying thickness*.

Claim 1 of the '808 patent recites:

[a] compact wallet, comprising:

at least two rigid plates interposed to sandwich card-like contents there between, each rigid plate having a longitudinal extent;

at least one encircling elastic band interposed with the at least two rigid plates along longitudinal extents thereof to bias them inwardly and securely hold the card-like contents while providing elastic volume there between for adding or removing contents;

a channeling means configured to minimize the profile of the wallet and hold position of the at least one encircling elastic band with respect to each rigid plate while allowing freedom for the dynamic extension and contraction of the band over the entire running length thereof; and

an auxiliary feature removably attached to at least one of the at least two rigid plates, the auxiliary feature having a tang insertable into a recess formed inside the at least two rigid plates, the tang having a hook, the hook extending at an angle to the tang, the hook engaging an undercut of the recess to prevent inadvertent dislodgement of the auxiliary feature from the recess,

whereby, card-like contents may be carried with minimal silhouette on or with a person while allowing expandable capacity and ready access to individual contents from between the at least two rigid plates.

The District Court construed two terms of the '616 patent that are contested in this appeal. First, it construed "lip" as a "connector made of extrudable or injectable plastic material that defines the outer dimension of enclosure" and explained that the first and second panels must have "separate and independent" lips. J.A. 21-22. Second, it

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